

**CITY OF HOUSTON
DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT**

**Application For

Economic Development Loans

Within The Enhanced
Enterprise Community**



1997 - 1998

INTRODUCTION

The City of Houston, Texas ("City") invites the submission of applications from non-profit and for-profit organizations, cooperative corporations, partnerships and individuals to build, acquire and/or rehabilitate real estate projects which will provide economic benefits to the City.

This application is solicited on an open-ended basis. It is subject to availability of funds from the Department of Housing and Urban Development ("HUD") or other resources designated by the City. It is also contingent upon compliance with HUD and DHCD underwriting criteria and all funding for programs must be approved by the Houston City Council.

Words and phrases used in this application, which are defined in applicable HUD regulations will have the meaning described therein. Copies of these various regulations are available for inspection at the office of the Department of Housing and Community Development, 601 Sawyer, Suite 400, Houston, Texas 77007, Monday through Friday, from 8:00 a.m. until 5:00 p.m.

The applicant is responsible for submitting applications that comply with the criteria established for submission in the application. The successful applicant may enter into an agreement with the City of Houston that is also subject to federal regulations. The City may amend, supplement, or cancel all or part of this application.

We appreciate your interest in our programs and look forward to working with you on your project. Your contact person on this application is Ken Fickes or one of his staff underwriters at (713) 868-8300.

Milton Wilson, Director
Dept. of Housing & Community Development

GENERAL INFORMATION

A. INTRODUCTION AND PROGRAM PURPOSE

The Department of Housing and Community Development ("DHCD"), City of Houston will attempt to complete a review of applications within 30 days from the date a completed application is received. As a result of the underwriting process, applicants may be requested to provide additional information for a particular project, which may increase the processing time. Incomplete applications may be processed at the Departments discretion. Incomplete applications and applications which require additional documentation will often extend our normal processing time. Applications will be evaluated to determine if the project meets the following basic criteria:

1. The project must be compatible with the City's overall economic and revitalization goals and efforts.
2. Any fees payable to the sponsors, applicant or any affiliate must be fully disclosed in the application and must be in line with the market value of these services from an unrelated third party.
3. The applicant must employ adequate expertise necessary to complete the project on time, within budget and in a quality manner.
4. The applicant must satisfy the Federal, State and City regulations that are applicable to their project.
5. The project must meet a HUD National Objective (i.e., job creation or retention for low to moderate income workers, removal of slum or blight, or provide housing for low to moderate income individuals).
6. A \$500 non-refundable application fee must accompany the application payable to the City of Houston (For Profit organizations only).

B. ISSUING OFFICE

City of Houston
Department of Housing and Community Development
601 Sawyer, Suite 400
Houston, Texas 77007
(713) 868-8300

C. TECHNICAL ASSISTANCE

In response to this application, technical assistance will not be provided. However, DHCD may refer applicants to technical organizations or individuals who are not City of Houston representatives. **The City assumes no liability for any technical assistance provided by these organizations or individuals.**

Recitations or lists of federal, state or city regulations or requirements included in this application are included only as exemplary guide to applicants. Applicants may not rely upon such recitations or lists. It is the applicant's responsibility to understand and comply with all applicable regulations and requirements. Copies of the federal regulations are available for inspection at the Department of Housing and Community Development offices located at 601 Sawyer, 4th floor, from 8:00 a.m. until 5:00 p.m., Monday through Friday.

IT IS THE APPLICANT'S RESPONSIBILITY TO REVIEW, UNDERSTAND, UNDERSTAND AND COMPLY WITH ANY AND ALL APPLICABLE RULES, STATUTES, LAWS, ORDINANCES, OR REGULATIONS AND REQUIREMENTS BEFORE SUBMITTING THEIR APPLICATIONS FOR CONSIDERATION.



City of Houston
Department of Housing & Community Development
APPLICATION FOR ECONOMIC DEVELOPMENT LOAN

Full Legal Name of Borrowing Entity:			
Address:			
City:		State:	Zip:
Telephone Number:		Fax Number:	
Type of Borrowing Entity: Sole Proprietor [<input type="checkbox"/>] Partnership [<input type="checkbox"/>] Corporation [<input type="checkbox"/>] Non-Profit Organization [<input type="checkbox"/>]			
Principal Owners			
Full Legal Name		Social Security No.	% Ownership
Complete Address			
Project Information			
Type of Business: [<input type="checkbox"/>] Manuf. [<input type="checkbox"/>] Retail [<input type="checkbox"/>] Wholesaler/Distributor [<input type="checkbox"/>] Service Company [<input type="checkbox"/>] Other			
Type of Project			
Address of Project:			
Is This Project Proposed Construction? [<input type="checkbox"/>] Yes [<input type="checkbox"/>] No Projected Start Date:			
Number of Buildings In Project :		Land Size:	Building Square Footage:
Estimated Full Time Jobs Created:			
Provide a brief description of the project and it's purpose.			
Is the project encumbered with debt at the present time? Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] Amount: \$			
Name of Lender:		Telephone:	
Address of Lender:			

Loan Request Information (Project Cost Minus Other Funds = Loan Request)			
Project Costs		Funding Sources	
Land Cost	\$	Cash Down Payment	\$
Construction Cost	\$	Other Funds Available	\$
Equipment	\$	Other Financing (Bank, etc.)	\$
Renovation/Repair Costs	\$	Loan Amount Requested	\$
Total Cost	\$		

Declarations of Principal Owners, Officers & Directors		
Please answer the following questions as they may apply to the applicant entity, each officer, each director and each owner of 20% or more of the applicant entity. For each "yes" answer attach a separate signed exhibit providing a detailed explanation.		
1. Are any involved in any legal claim or lawsuit?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Are any federal, state or local taxes delinquent?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Are any liable under any contingency agreements?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Have any ever been involved in bankruptcy or insolvency proceedings?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. Do any have any outstanding judgements?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6. Have any ever had property foreclosed upon or given title or deed in lieu of foreclosure?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7. Have any ever been denied any government financing before?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
8. Have any ever been banned or debarred from doing any business with HUD?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
9. Have any ever been charged with or arrested for any criminal offense other than a minor motor vehicle violation?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
10. Are any presently under indictment, parole or probation?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
11. Are any delinquent for child support payments?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Certification and Signatures

The undersigned certifies that all statements in this application and on each document required to be submitted in connection herewith, including federal income tax returns, are true, correct and complete. The undersigned authorizes the City to make such inquiries and gather such information as the City deems necessary and reasonable concerning any information provided to the City on this application or on any such required document, including inquiries to the applicants financial institution(s), the Internal Revenue Service and any local Credit Reporting Agencies. The undersigned further agrees to notify the City promptly of any material change in any such information.

By (Authorized Signature)

Title

Date

DOCUMENTATION CHECKLIST

The following additional items will be needed at the time of application in order for the Department to conduct a preliminary review of your financing request:

I. An application fee of \$500.00 (For Profit Entities Only)

II. Project Description (Narrative)

Company Description

Products/Services Offered

Feasibility/Market Analysis

Marketing Strategy

Capacity (Operations and Management)

Benefit of Loan and Financing Requirements

III. EXHIBITS

Year-end Company balance sheet and income and expense statement for previous three years

Company Tax Returns

Current balance sheet and income and expense statement not more than 90 days old.

Pro-Forma balance sheet and profit and loss statement.

Personal Financial Statements of all partners, principals, and shareholders with 20% or more interest in the company.

Individual Tax Returns for previous three years for all partners, principals, and shareholders with 20% or more interest in the company.

Resumes of all partners, principals, and shareholders with 20% or more interest in the company.

Partnership Agreement (if partnership) or certificate and articles of incorporation and by-laws (if corporation)

Deeds, titles, lease agreements or earnest money contract (Applicant must have site control).

Construction documents (Renderings, architectural plans, cost estimates, and surveys)

Appraisal

Environmental Assessment of the property

Map of the Area

A bank loan commitment letter or letter of interest from a financial institution that will be the primary lender. This letter should include all loan terms.

List of current clientele.

List of contact persons and financial institutions with which you are currently doing business.

Agreement and Certifications (attached)

AGREEMENT AND CERTIFICATIONS

- A. No person shall, on grounds of age, color, handicap, marital status, national origin, race, religion or sex, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity which APPLICANT receives City financial assistance from the Department of Housing and Community Development.

APPLICANT further agrees to obtain or require similar assurance of compliance for Nondiscrimination from subrecipients, contractors/subcontractors, successors, transferees and assignees as long as they receive or retain possession of any City, financial assistance from the Department of Housing and Community Development. In the event APPLICANT fails to comply with this requirement, the Department of Housing and Community Development may call, cancel, terminate, accelerate repayment or suspend any or all financial assistance.

- B. No fees have been paid, directly or indirectly, to any representative of this department for services provided or to be provided in connection with applying for this loan/grant.
- C. APPLICANT understands that it is not necessary to pay anyone other than those fees required by this department.
- D. APPLICANT agrees to pay the City an application fee of FIVE HUNDRED (\$500) for processing of this loan/grant request. APPLICANT understands that this fee is a non-refundable fee.
- E. All information in this APPLICATION and the EXHIBITS is TRUE and COMPLETE to the best of my knowledge. The statements are made for the purpose of obtaining a loan/grant. APPLICANT understands that FALSE statements may result in forfeiture of benefits and possible prosecution by the City Attorney.

NAME OF APPLICANT:

Signature of Proprietor, General Partner or Authorized Officer:

By:
Name:
Title:
Date:
Attest:

(Corporation Secretary)

INDEMNITY AGREEMENT

City of Houston
Department of Housing & Community Development
601 Sawyer
Houston, Texas 77007

_____ (The "Applicant") has filed or is concurrently filing with the City of Houston Department of Housing and Community Development (DHCD) an application for a loan/grant for Homebuyers Assistance and/or Multi-Family Housing (Rental) Program. For the purpose of inducing DHCD to accept, review, underwrite and act upon such application and to fund the obligation there in contemplated, the Applicant hereby agrees to indemnify and hold harmless DHCD and representatives against all costs, losses, damages, expenses, and liabilities of any kind arising from or in connection with DHCD acceptance, review, underwriting, approval or disapproval of such application for financing, or the issuance, or delivery of the obligations, or the design, acquisition, construction, rehabilitation, installation, operation, use, occupancy, maintenance or operation of the residential development described in such Application for financing. It is expressly agreed that the provisions of this Indemnity Agreement shall survive any approval or disapproval of such application for financing and the issuance or failure to issue any such obligations.

This Indemnity Agreement shall be effective upon its execution by the Applicant this, day of, 19, and its acceptance by DHCD as indicated by its execution below.

By:
Name:
Title:

ACKNOWLEDGED AND AGREED TO on

This ____ day of _____, 1995

By:
Name:
Title:

PROPOSAL RESPONSE GUIDELINES

1. Proposals may be mailed or hand delivered to: Department of Housing and Community Development; 601 Sawyer, Suite 400; Houston, Texas 77007; Attention: Ken Fickes
2. A proposer or his authorized representative may withdraw a proposal by notifying the DHCD in writing of its desire to do so. The application fee will not be refunded if a proposal is withdrawn.
3. The City reserves the right to accept or reject any or all proposals received as a result of this request, or to negotiate with all qualified sources. All proposals shall be evaluated according to accepted industry standards relating to character, experience and sound credit analysis. Oral explanations or instructions given before the award shall not be binding.
4. All materials furnished in a proposal shall become the property of the City.
5. Proposers will be required to assume full responsibility for all services, including that of any subcontractors.
6. The City's obligation hereunder is contingent upon the availability appropriate funds.

CLOSING CHECKLIST

The following items must be submitted to DHCD or complied with prior to closing and funding:

Supply two to three construction bids.

Submit copy of conditionally awarded construction contract to lowest and most responsible bidder.

Provide evidence that a qualified construction manager has been hired and approved by DHCD.

Provide evidence of qualified property manager and fee structure approved by DHCD.

Evidence of fee simple title.

Senior Lender must have signed "Loan Agreement" with the Applicant.

Executed loan documents (Copies to be delivered within 10 days following Agreement).

- \$ Promissory Note
- \$ Deed of Trust
- \$ Financing Statement
- \$ Restrictive Covenants

Deliver other closing documents

- \$ Certificate or policies of insurance
- \$ Mortgagee policy of title insurance evidencing fee simple title to the property in applicant, subject only to those items approved by DHCD.
- \$ Copy of construction lien releases.
- \$ Corporate Board Resolution authorizing the "Loan Agreement".
- \$ A legal opinion from Owner's counsel.
- \$ A signed Intercreditor Agreement from Senior Lender.

Senior Loan must be closed concurrently or prior to the closing of the "Loan Agreement".

Contracts or letters of intent with each Minority/Women Business Enterprise Subcontractor or Supplier.

POST CLOSING: The following items must be submitted to DHCD or complied with following closing:

Final project costs reconciled to the final budget approved by DHCD.

Annual monitoring to assure compliance with economic goals established for the project.

Owner must provide audited financial statements and single audit by independent auditor on an annual basis.